

First quarter report 2008

SpareBank 1 SMN

April 2008

New Brand

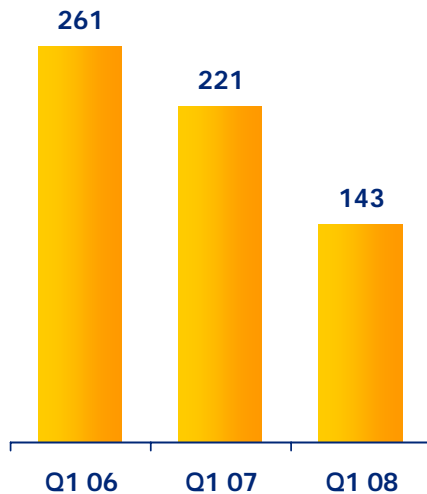


Positive income trend, but unrealised losses weaken profit performance

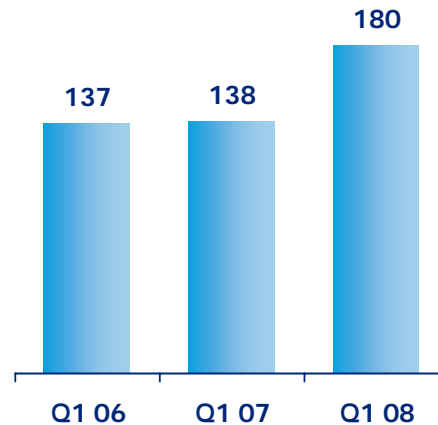
- Profit before income tax: NOK 143 million (221 mn)
- Group result after tax: NOK 94 million (176 mn)
- Return on equity: 7,8% (18,2%)
- Strong growth; the bank takes market shares
- Continued low losses
- Good financial strength: Tier 1 capital adequacy 8.1% (8.1%), total capital adequacy 12.5% (12.4%)

Important events in Q1 2008

Profit before income tax



Profits core business



- Rebranding and new internet bank
- New loan raised by SpareBank 1 Boligkreditt
- Mercantor, a corporate finance company, acquired by the bank
- MING dividend issue completed

Financial targets

| | Target | | 31.03.08 | 31.12.07 |
|--------------------|--------|----|----------|----------|
| Return on equity | 15% | *) | 7,8 % | 18,9 % |
| Core capital ratio | 8% | | 8,1 % | 8,3 % |
| Capital ratio | 12% | | 12,1 % | 12,5 % |
| Cost-income ratio | 50% | | 67 % | 51 % |

Substantial increase in income, strong growth and high activity level

- **Retail Division** shows continued strong growth in sales of home mortgage loans and insurance products. Sales of savings products have dropped, but increase seen in sales of savings contracts and fixed interest deposits. Number 1 position strengthened and net increase in customers.
- **Corporate Division** has strengthened its market position, particularly in the Trondheim region through influx of new, good customers. Good sales of savings and cash management products, and launch of a vigorous focus on sales of non-life insurance products to corporate customers
- Capital market area - **SpareBank 1 SMN Markets** has increased its income in 2008 as in 2007.
- **EiendomsMegler 1** has further strengthened its market position and is singled out as Norway's best real estate agent. The company shows a good income trend, especially in commercial property broking.

Dividend issue completed

- The bank's Supervisory Board decided at its meeting on 13 March 2008 to carry through a placing with existing PCC holders, capped at NOK 324 million (corresponding to the dividend declared for 2007).
- Issue price set at NOK 50 per PCC.
- PCC holders representing 58% of the PCC capital accepted the invitation to participate in the dividend issue.
- The new PCC fraction for 2008 is 55.6%. This takes account of the timing of the issue, April 2008; the new fraction is a weighted average of the fraction at year-end and the fraction after the issue.
- The dividend issue reduces the dilution effect for PCC holders.

Weak return on financial investments

| | 31.03.08 | 31.03.07 | 31.12.07 |
|--|------------|-----------|------------|
| Income from investment in related companies | 20 | 48 | 233 |
| Net gain and dividends on securities | -58 | 9 | 118 |
| Net gain on currency trading and derivatives | -31 | 0 | -31 |
| Net gain on bond | 33 | 18 | 74 |
| Net gain on other financial assets | 0 | -1 | -47 |
| Net return on financial investments | -36 | 74 | 347 |

Summary, Sparebanken Midt-Norge Invest

- Det Norske (formerly Pertra): acquisition cost NOK 39 million. Value at end-2007: NOK 72 million. Value at end-March 2008: NOK 46 million (price NOK 51 at end-March 2008).
- Adresseavisen: acquisition cost NOK 27 million. Value at year-end: NOK 63 million. Value at end-March 2008: NOK 47 million (price NOK 520).
- Salmar: acquisition cost NOK 28 million. Value at year-end: NOK 38 million. Value at end-March 2008: NOK 32 million (price NOK 41).

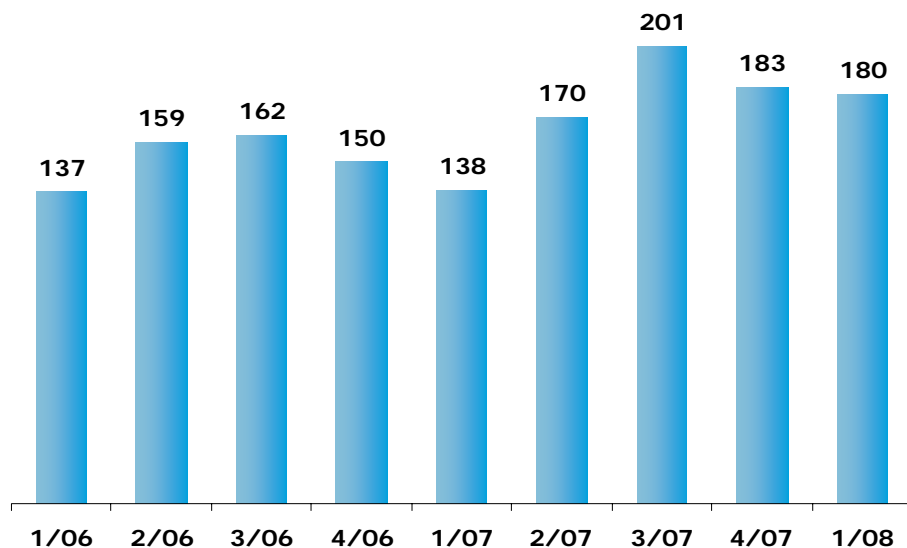
SpareBank 1 SMN's position strengthened

- The bank is well positioned to meet a possible economic downturn
- Strong basic earnings
- Strong financial position
- Good portfolio quality
- Solid funding

The bank will emerge from an economic downturn in a stronger position.

Positive profit trend in the bank's core business Profit exclusive of financial investments and SpareBank 1 Gruppen

| | 1/07 | 2/07 | 3/07 | 4/07 | 1/08 |
|---|------------|------------|------------|------------|------------|
| Net interest | 251 | 268 | 305 | 302 | 311 |
| Commission income and other income | 150 | 170 | 179 | 171 | 157 |
| Operating revenue | 401 | 438 | 484 | 473 | 468 |
| Staff costs | 143 | 139 | 158 | 143 | 161 |
| Other operating expenses | 120 | 128 | 125 | 147 | 127 |
| Profit on banking operations before losses | 138 | 170 | 201 | 183 | 180 |



- Strong growth in net interest income and commission income alike
- Income driven by a long period of high and diversified growth in business volume
- This has generated substantial growth in profit from the bank's core business

Quarterly accounts (NOKm)

| | 1/07 | 2/07 | 3/07 | 4/07 | 1/08 |
|--|------------|------------|------------|------------|------------|
| Net interest | 251 | 268 | 305 | 302 | 311 |
| Commission income and other income | 150 | 170 | 179 | 171 | 157 |
| SpareBank 1 Gruppen | 48 | 69 | 53 | 63 | 20 |
| Return on securities, foreign currency and derivatives | 27 | 81 | 42 | 11 | -56 |
| Gain on sale of financial assets | -1 | 0 | 10 | -56 | 0 |
| Total income | 475 | 589 | 588 | 490 | 432 |
| Staff costs | 143 | 139 | 158 | 143 | 161 |
| Other operating expenses | 120 | 128 | 125 | 147 | 127 |
| Ordinary operating profit | 212 | 321 | 306 | 201 | 144 |
| Losses on loans and guarantees | -9 | -2 | -4 | 9 | 1 |
| Profit before tax | 221 | 322 | 310 | 192 | 143 |

31.03.07 compared with 31.03.08:

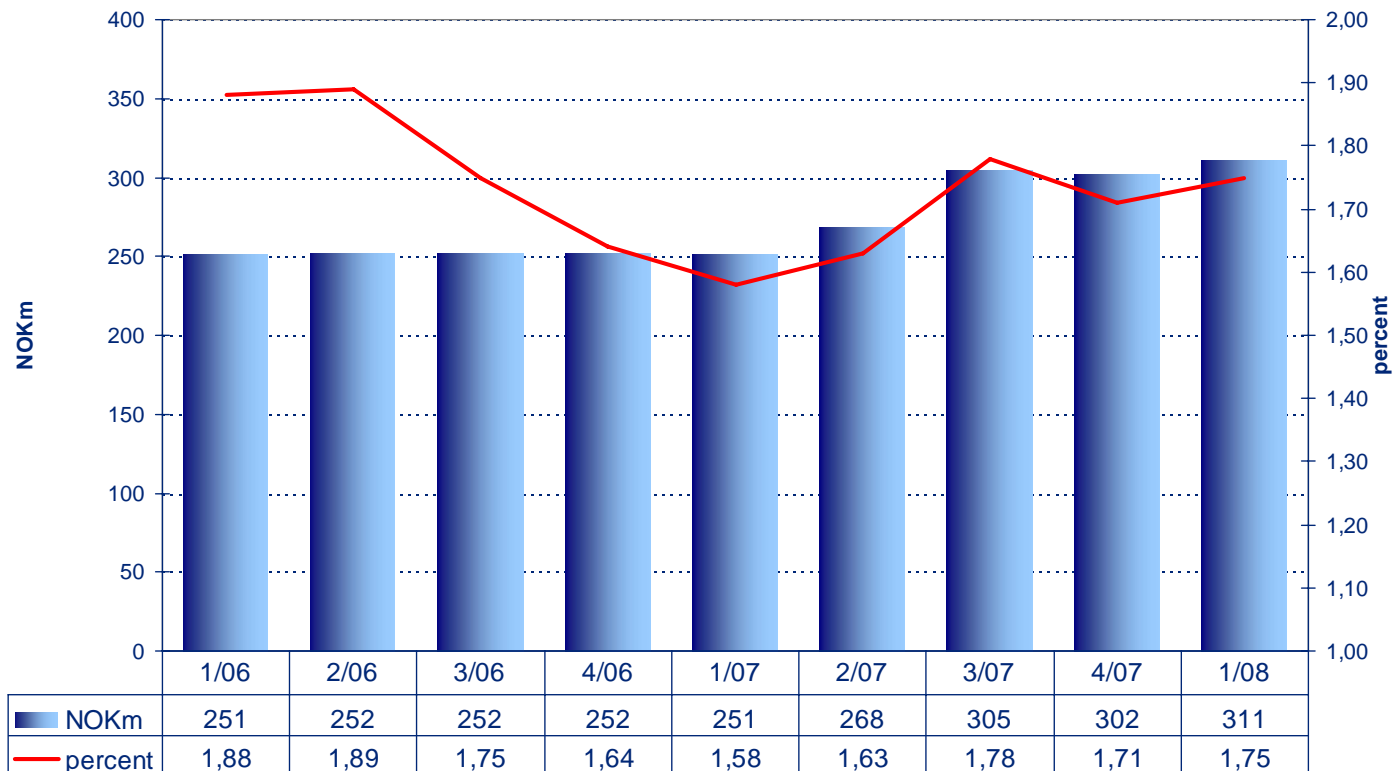
| <i>NOKm</i> | Group |
|---------------------------------------|--------------|
| Net interest | 60 |
| Commission income and other income | 7 |
| Income from investment in related con | -28 |
| Net return on financial investments | -82 |
| Operating expenses | -25 |
| Specified losses on loans | -10 |
| Taxes | -3 |
| Minority interests | 0 |
| Net profit | -82 |

- Substantial increase in operating income
- Turbulent financial markets have resulted in negative return on financial investments and a weakened profit performance for SpareBank 1 Gruppen
- Cost trend well under control
- Low losses in 2008 as previously

Key figures

| | 31.03.08 | 31.03.07 | 31.12.07 |
|--|-----------------|-----------------|-----------------|
| Net interest | 1,75 | 1,58 | 1,79 |
| Comm. income and net retur on on fin. inv. | 0,68 | 1,41 | 1,80 |
| Operating expenses | 1,62 | 1,65 | 1,75 |
| Net profit | 0,53 | 1,10 | 1,59 |
| Capital adequacy ratio | 12,1 % | 12,2 % | 12,5 % |
| Core capital ratio | 8,1 % | 8,2 % | 8,3 % |
| Growth in loans incl. Boligkredditt | 17,5 % | 18,0 % | 17,0 % |
| Growth in deposits | 7,5 % | 16,8 % | 7,6 % |
| Deposti-to-loan ratio | 57 % | 57 % | 55 % |
| RM share loans | 62 % | 64 % | 63 % |
| Cost-income ratio | 67 % | 55 % | 51 % |
| Return of equity | 7,8 % | 18,2 % | 18,9 % |
| PCC price | 51,00 | 79,50 | 72,25 |
| Adjusted profit per PCC | 0,97 | 1,87 | 8,72 |

Net interest - quarterly accounts



Change net interest income 31.03.07 – 31.03.08

| | |
|-----------------------------|-----------|
| Net interest income at 2006 | 251 |
| Net interest income at 2007 | 311 |
| Change | 60 |

- Strong growth and improved deposit margin

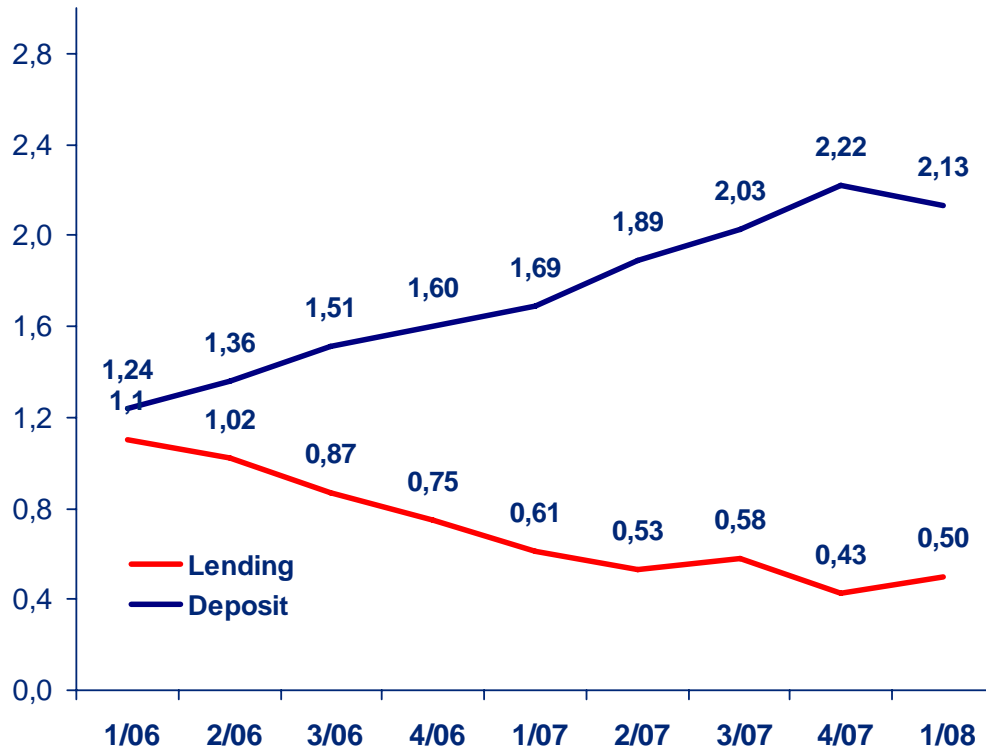
- Higher money market rates and higher equity capital make for better return on equity

Obtained as follows:

| | |
|----------------|-----------|
| Lending volume | 8 |
| Deposit volume | 9 |
| Lending margin | -12 |
| Deposit margin | 33 |
| Equity capital | 19 |
| Change | 60 |

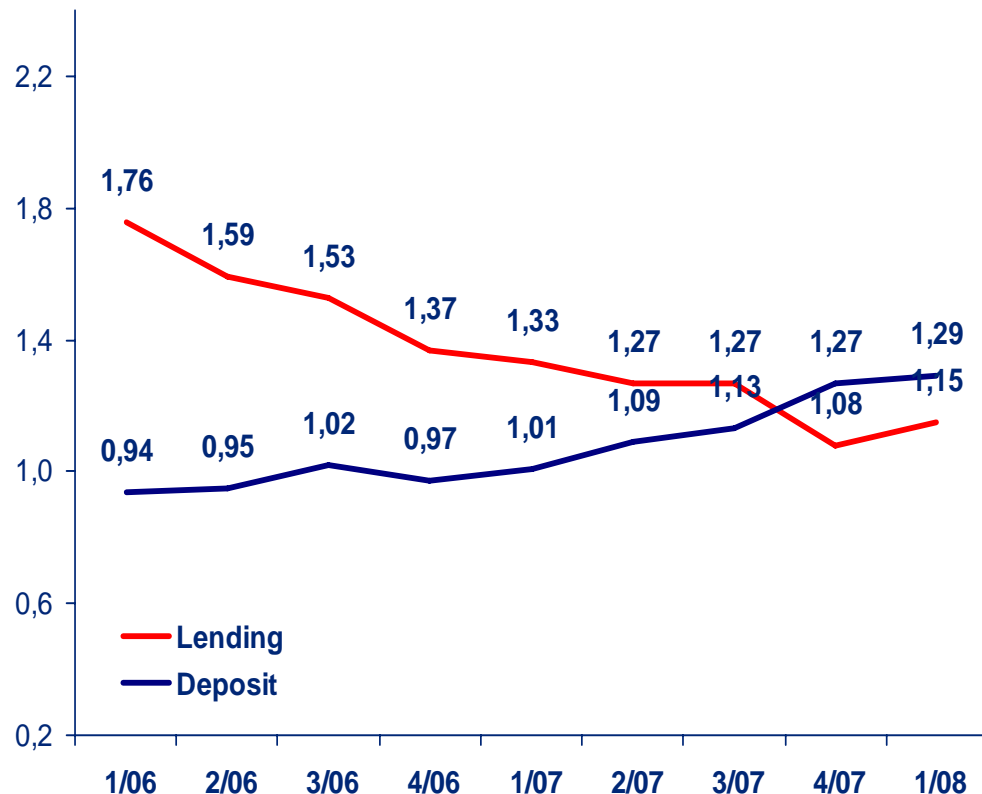
- Lending margin reduced due to
 - higher interest rate level and lag in adjustment of customer borrowing rates
 - strong competition
 - lower portfolio risk

RM: Substantial change in spreads last 2 years



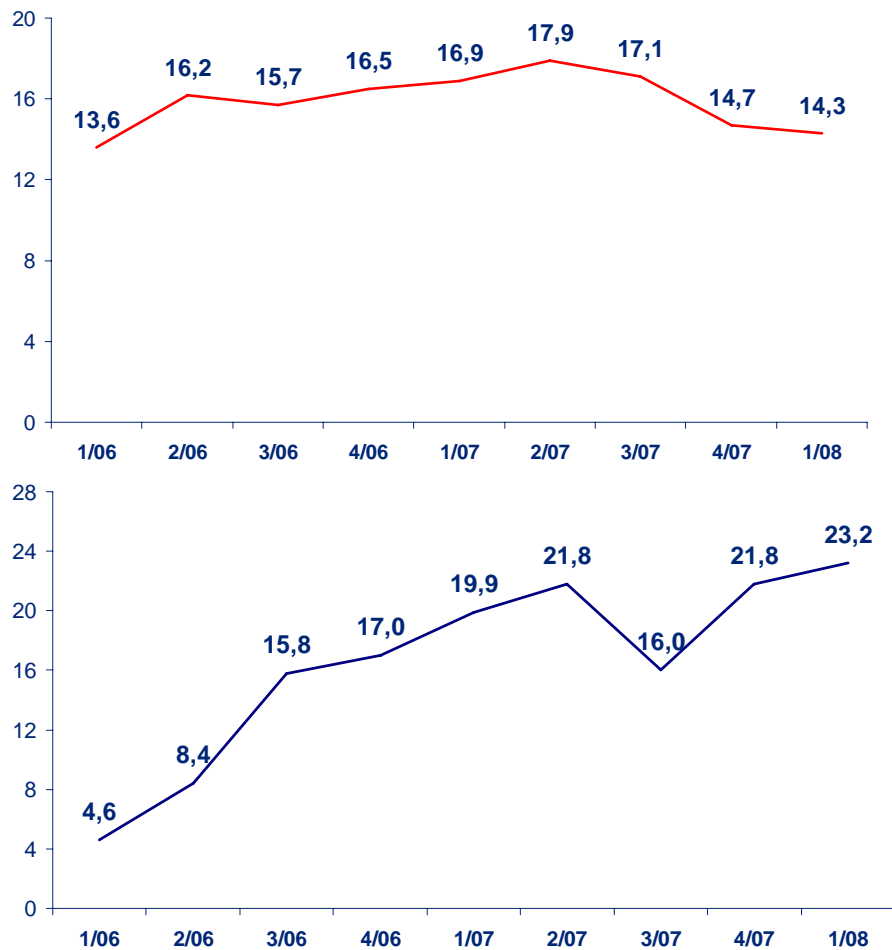
- Substantial change in spreads over the last 2 years, with a substantial fall in the lending margin and a corresponding increase in the deposit margin
- Money market rates fell in 2004 and 2005 and thereafter rose in 2006 and 2007
- Low interest rates and tough competition have put lending margins under persistent pressure
- Money market rates have risen, without the bank applying a corresponding increase in lending rates

CM: Substantial reduction in lending margin, although not quite as strong as in the RM

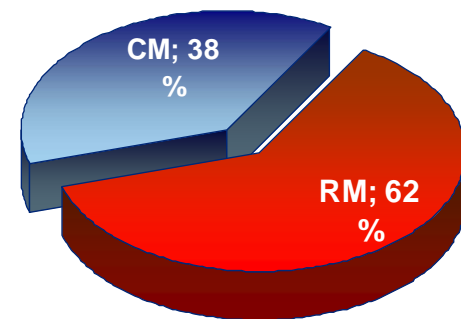


- Substantial reduction in lending margin here too, although not quite as strong as in the RM
- Satisfactory risk pricing maintained, thanks to reduced portfolio risk
- Part of the decline is offset by a higher deposit margin and growth in both lending and deposits.

Loans, growth last 12 months, RM and CM



Loans 31.03.08



Sound risk management and diversified portfolio

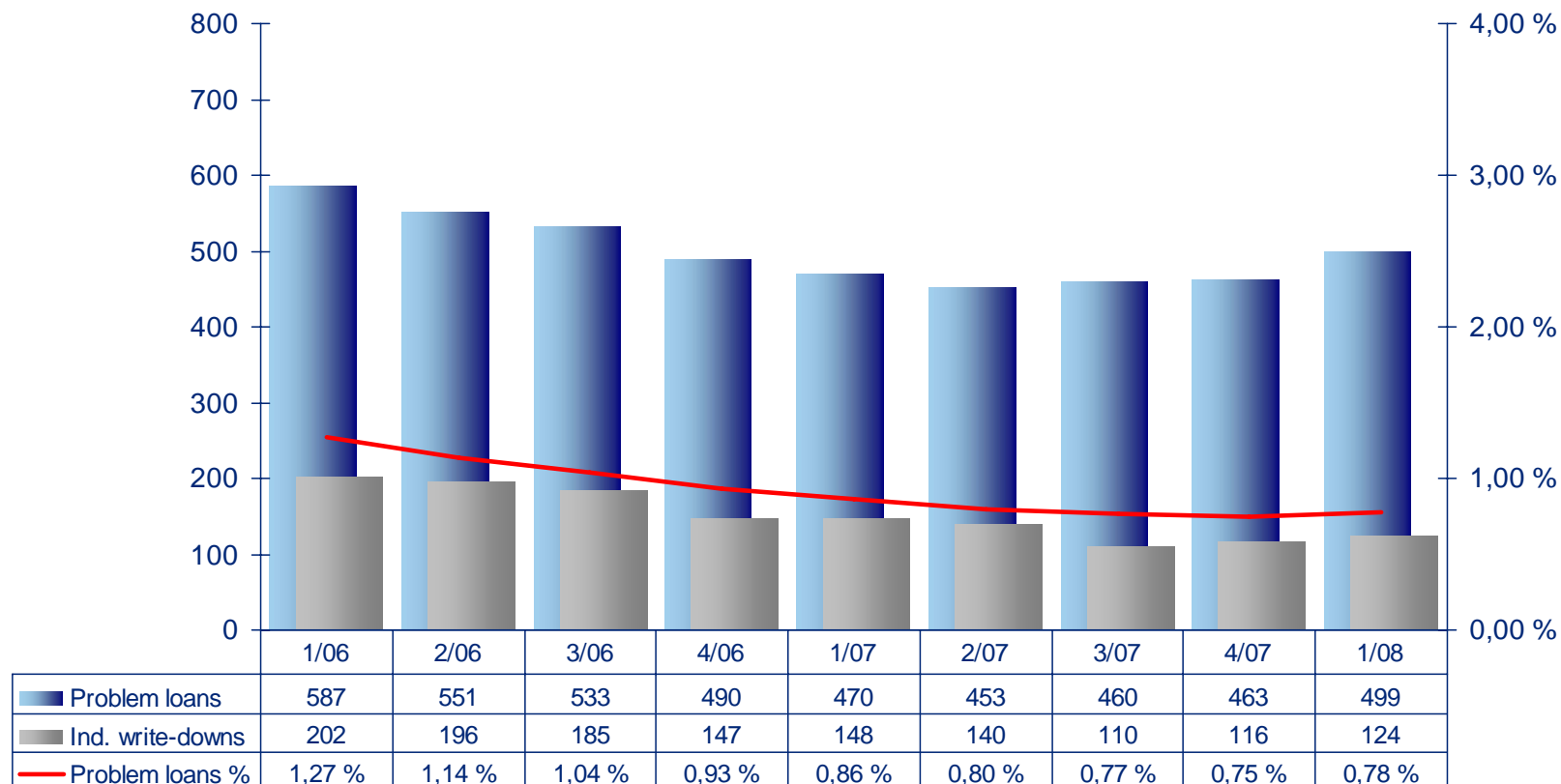
Distribution of loans by sector/industry

| NOKm | 31.03.08 | 31.03.07 | Change | % |
|---|---------------|---------------|--------------|---------------|
| Agriculture/forestry/fisheries/hunting | 3.469 | 3.477 | -7 | -0,2 % |
| Fish farming | 756 | 805 | -50 | -6,2 % |
| Manufacturing and mining | 2.088 | 1.680 | 408 | 24,3 % |
| Construction, power and water supply | 1.704 | 1.206 | 498 | 41,3 % |
| Retail trade, hotels and restaurants | 2.724 | 2.000 | 723 | 36,2 % |
| Maritime sector | 1.742 | 1.226 | 516 | 42,1 % |
| Property management | 8.271 | 6.575 | 1.696 | 25,8 % |
| Business services | 1.630 | 995 | 634 | 63,8 % |
| Transport and other services provision | 1.405 | 1.313 | 92 | 7,0 % |
| Public administration | 94 | 135 | -41 | -30,4 % |
| Other sectors | 471 | 357 | 114 | 32,0 % |
| Gross loans corporate market | 24.354 | 19.769 | 4.584 | 23,2 % |
| Wage earners | 39.927 | 34.943 | 4.985 | 14,3 % |
| Gross loans incl. SpareBank1 Boligkredditt | 64.281 | 54.712 | 9.569 | 37,5 % |
| adv. of this to SpareBank1 Boligkredditt | 5.457 | 62 | 5.395 | |
| Gross loans on balance sheet | 58.824 | 54.650 | 4.174 | 7,6 % |

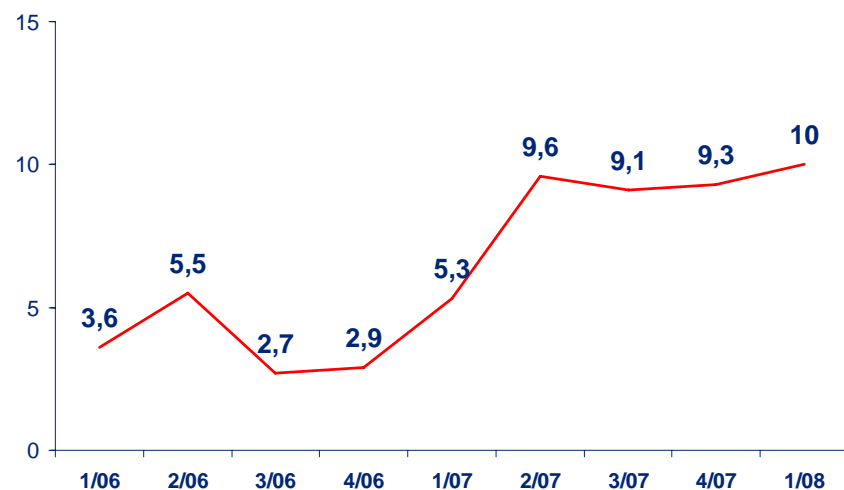
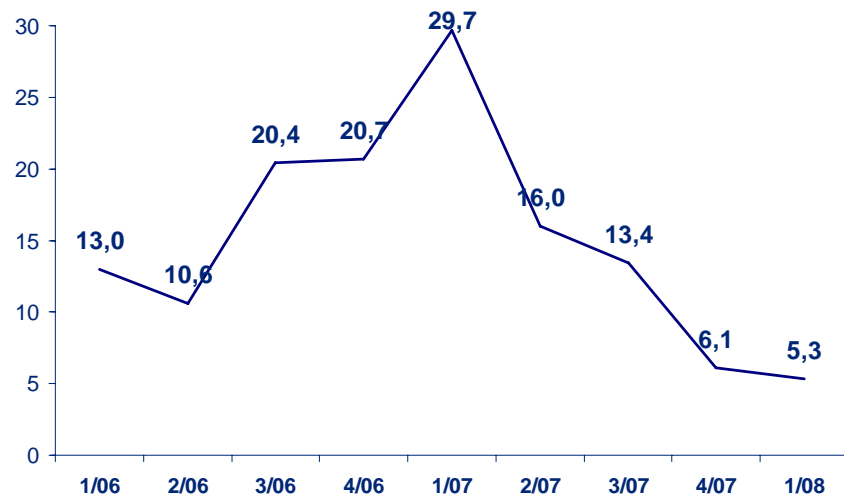
- 62% of total outstanding loans are to retail customers, mainly well-secured home mortgage loans.
- The bank's credit strategy sets clear-cut limits to maximum credit risk and avoids undesired concentration risk

Reduced problem loans and specified loss provisions

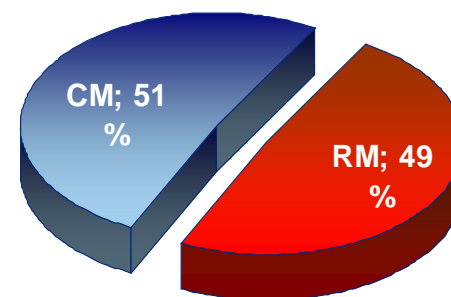
Problem loans = loans in defaults for more than 90 days and other problem loans not in default



Deposits growth last 12 months, RM and CM

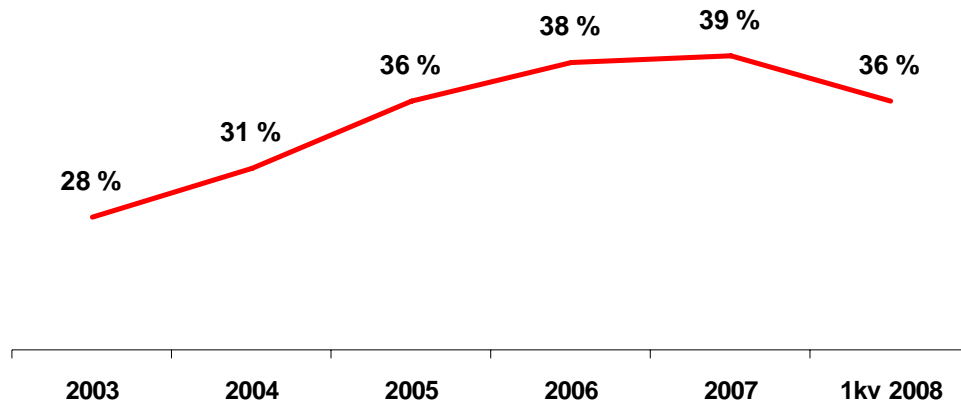


Deposit 31.03.08



The Group's income has become more diversified

Commission income as a percentage of total income (ex profit SB1 Gruppen and capital gains)

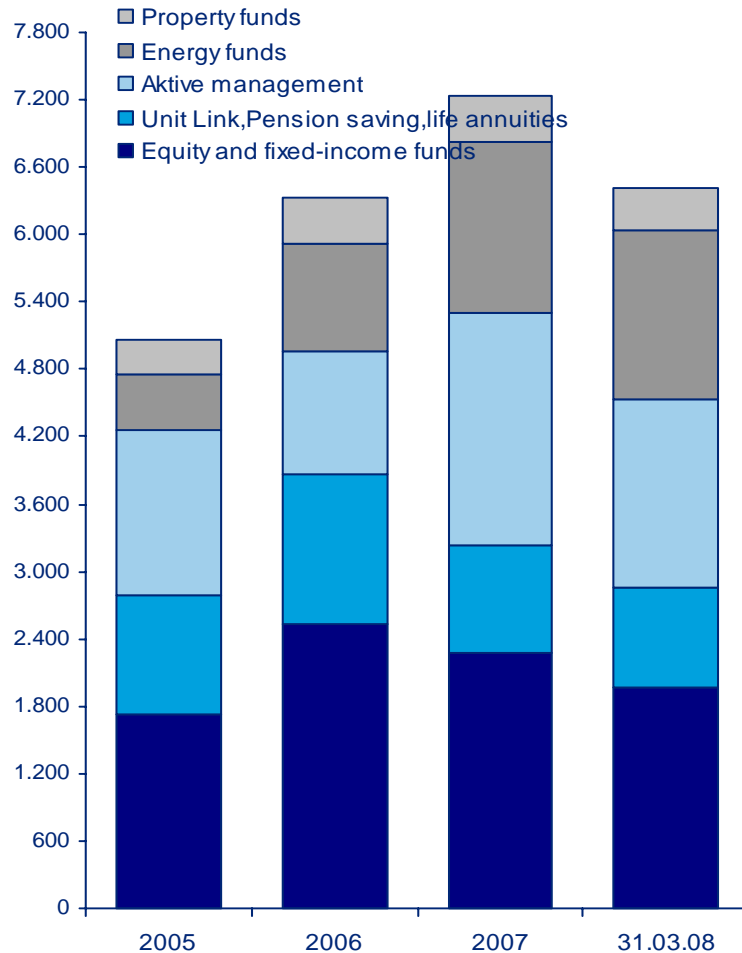


- The Group's income platform has become significantly more robust; 36% of operating income is from sources other than the net interest margin
- The income derives from a broad range of products at the parent bank and subsidiaries and in the form of good results posted by SpareBank 1 Gruppen
- In addition, the Group's total operating income has risen by NOK 500 million over the last 5 years

Strong growth in commission income *(incl. Markets' income)* especially on payments, estate agency and capital market services

| <i>NOKm</i> | 31.03.08 | 31.03.07 | Change |
|--|-----------------|-----------------|---------------|
| Payment transmission income | 50 | 43 | 7 |
| Commissions savings | 26 | 31 | -6 |
| Commissions insurance | 16 | 15 | 1 |
| Guarantee conditions/other commissions | 15 | 14 | 2 |
| Estate agency | 36 | 35 | 1 |
| Accounting services | 10 | 7 | 3 |
| Assets management | 5 | 5 | 0 |
| Capital market services | 25 | 17 | 8 |
| Total commission income | 183 | 166 | 17 |

Savings products: Overall portfolio worth NOK 6.4 billion



Value fall for equity funds and pension products in Q1 2008

Change in operating expenses 31.03.07 – 31.03.08

| | |
|-------------------|-----|
| Expenses 31.03.07 | 263 |
| Expenses 31.03.08 | 288 |

Change **25**

Breakdown

| | |
|-----------------------------------|----|
| Wage and price growth | 12 |
| IT | 4 |
| Premise | 2 |
| Other operating expenses | -3 |
| Outlays linked to the 'New Head C | 2 |
| Subsidiaries | 8 |

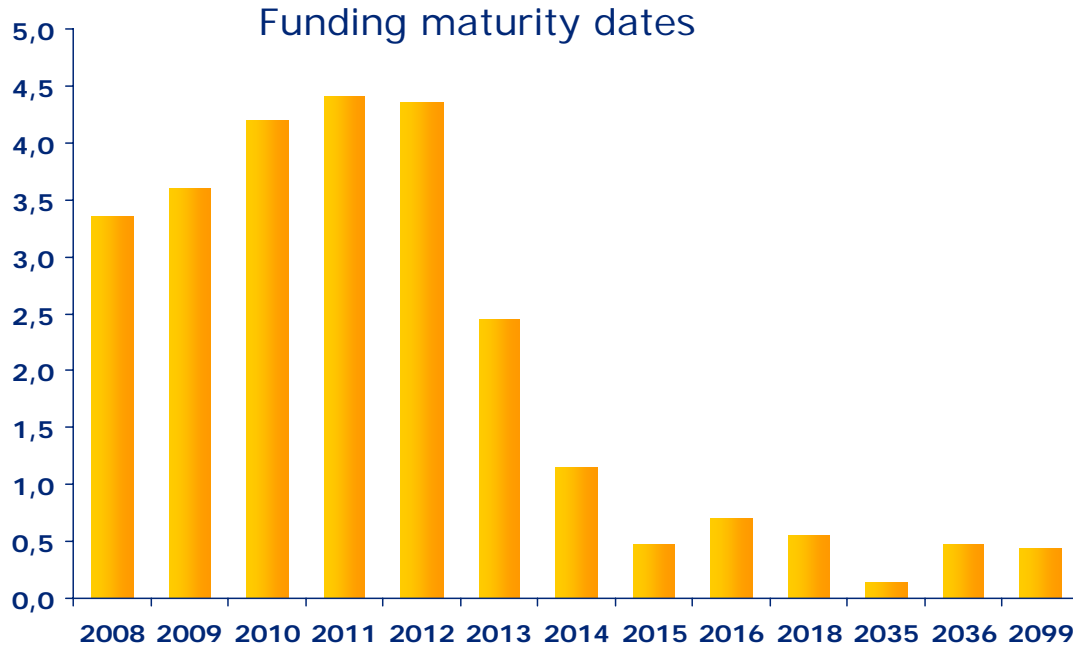
Total growth in ordinary operations **25**

- Staff costs up due to salary growth and increased resource
- Higher IT costs on the development of new customer systems

Balance sheet

| | 31.03.08 | 31.03.07 |
|---------------------------------|-----------------|-----------------|
| Funds available | 7.704 | 6.140 |
| Gross loans | 58.824 | 54.650 |
| - spec provisions | -124 | -148 |
| - write-downs by loan category | <u>-186</u> | <u>-184</u> |
| Net loans | 58.514 | 54.318 |
| Securities | 567 | 479 |
| Investment in related companies | 1.278 | 873 |
| Goodwill | 461 | 458 |
| Other assets | 1.902 | 1.922 |
| TOTAL ASSETS | 70.427 | 64.190 |
| Money market funding | 26.641 | 24.335 |
| Deposits | 33.373 | 31.037 |
| Subordinated debt | 2.752 | 2.404 |
| Othe liabilities | 2.871 | 2.405 |
| Equity | 4.790 | 4.009 |
| TOTAL DEBT AND EQUITY | 70.427 | 64.190 |

Funding and liquidity



- The bank's funding sources and products are amply diversified. At quarter-end the share of money market funding above one year was 100% (91%).
- The liquidity position is good and the liquidity indicator (Norges Bank's norm) was 106% (107%) at 31 March 2008.
- Recent financial market turbulence has not given rise to liquidity concerns of note

Good progress for Retail Market Division

| Profit and loss NOKm | 31.03.08 | 31.03.07 | Change |
|--------------------------------------|-----------------|-----------------|---------------|
| Net interest income | 160 | 139 | 21 |
| Commission income | 81 | 81 | 81 |
| Total income | 241 | 241 | 241 |
| Total operating expenses | 142 | 139 | 3 |
| | 100 | 77 | 23 |
| Losses on loans | 0 | 1 | -1 |
| Result before tax | 100 | 76 | 24 |
| Dividend to allocated capital | 25,1 % | 18,7 % | |
| Loan to customers (NOK billion) | 38,6 | 34,1 | 4,4 |
| Customer deposits (NOK billion) | 17,0 | 15,7 | 1,2 |
| Other savings products (NOK bn) | 5,2 | 5,1 | 0,1 |
| Non-life insurance (NOKm) | 308 | 298 | 10 |
| Personal insurance (NOKm) | 113 | 94 | 19 |

Division has achieved higher volume in all business areas, and is well equipped to meet still growing competition in the retail market.

Overall incomes have increased. Net interest income maintained thanks to high growth; commission incomes have risen, primarily thanks to higher volume of savings products

Profitability is excellent - return on equity was 25.1%.

Good Corporate Market growth

| Profit and loss NOKm | 31.03.08 | 31.03.07 | Change |
|--------------------------------------|-----------------|-----------------|---------------|
| Net interest income | 142 | 111 | 31 |
| Commission income | 81 | 81 | 81 |
| Total income | 241 | 241 | 241 |
| Total operating expenses | 66 | 62 | 4 |
| | 103 | 85 | 18 |
| Losses on loans | 5 | -12 | 17 |
| Result before tax | 98 | 97 | 1 |
| Dividend to allocated capital | 17,1 % | 21,2 % | |
| Loan to customers (NOK billion) | 22,1 | 17,8 | 4,3 |
| Customer deposits (NOK billion) | 14,6 | 14,1 | 0,6 |
| Other savings products (NOK bn) | 1,2 | 1,2 | 0,0 |
| Non-lifte insurance (NOKm) | 65 | 55 | 10 |
| Occupational pensions (NOKm) | 116 | 79 | 37 |

The Division services a total of 22,500 customers, and has recorded strong growth in the past year. An intensified focus is being given to non-life insurance and recruitment of new customers.

Incomes have risen in the past 12 months, both net interest income and commission income. High growth has boosted net interest income, and commission income has grown as a result of good sales of cash management services, capital market services and insurance products.

Positive income growth and low losses as a result of low risk in the loan portfolio generated good profit, and return on equity was 17.1%.

Subsidiaries and SpareBank 1 Group

Profit before tax

| | 31.03.08 | 31.03.07 | 31.12.07 |
|--|--------------|-------------|--------------|
| EiendomsMegler 1 Midt-Norge as | -0,8 | -4,1 | 9,1 |
| Midt-Norge Regnskap as | 0,9 | 1,2 | 0,8 |
| Sparebank 1 Finans Midt-Norge as | 6,2 | 4,9 | 22,0 |
| Allegro Finans asa | 0,9 | 1,6 | 8,2 |
| Midt-Norge Invest as | -47,8 | 0,0 | 54,6 |
| Real estate companies | -2,6 | 1,1 | -34,9 |
| Total profit subsidiaries | -43,1 | 4,7 | 59,8 |
| Share of SpareBank 1 Group as (after tax) | 19,6 | 48,2 | 231,0 |
| Share of SpareBank 1 Boligkreditt as | 0,3 | 0,0 | 1,8 |

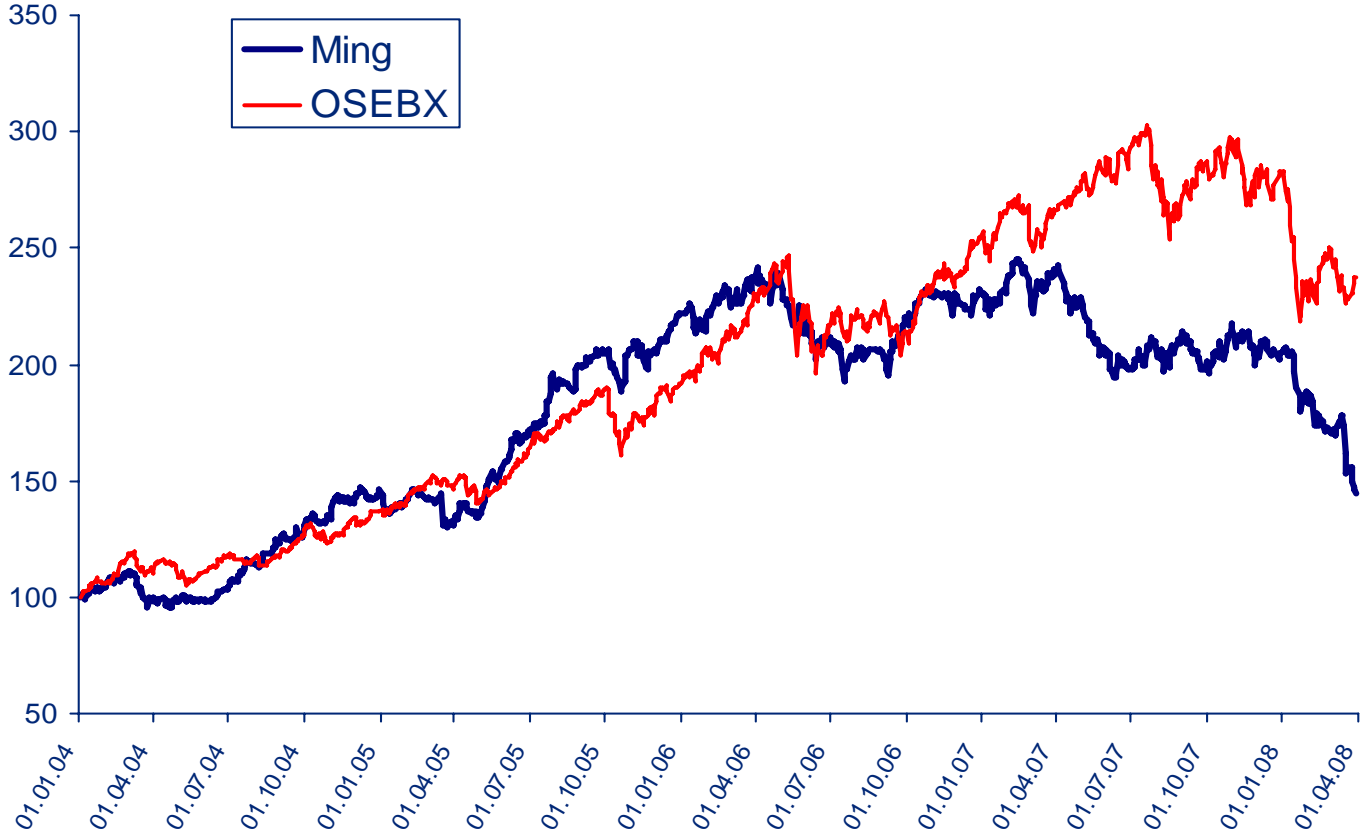
Key figures PCC (Group)

| | 31.03.08 | 2007 | 2006 | 2005 | 2004 |
|-----------------------------------|-----------------|-------------|-------------|-------------|-------------|
| PCC ratio *) | 54,2 % | 54,2 % | 53,7 % | 56,1 % | 49,8 % |
| Total issued PCCs (mill) | 53,98 | 53,98 | 50,49 | 50,49 | 38,43 |
| PCC price | 51,00 | 72,25 | 82,00 | 78,25 | 55,00 |
| Market value (mNOK) | 2.753 | 3.900 | 4.140 | 3.951 | 2.113 |
| Post-tax earnings per PCC, in NOK | 0,97 | 8,72 | 9,94 | 8,51 | 5,80 |
| Dividend per PCC | | 6,00 | 6,00 | 5,50 | 4,00 |
| P/E | 13,13 | 8,29 | 8,25 | 11,15 | 9,48 |
| Booked equity capital per PCC | 46,70 | 51,00 | 46,36 | 42,11 | 34,78 |
| Price / Booked equity capital | 1,09 | 1,42 | 1,77 | 1,95 | 1,58 |

*)A PCC fraction of 55.6% (a weighted average of the fraction before and after the issue) will be applied when distributing profit for 2008.

Stock Price MING/OSE

January 2004 – 31 March 2008



10 largest PCC holders per 31.3.2008

| Owner | Number | Share |
|---|---------------|--------------|
| Reitangruppen AS | 4.531.849 | 8,40 % |
| Romern AS | 2.693.234 | 4,99 % |
| State Street Bank & Trust Corp.,USA (nominee) | 2.259.931 | 4,19 % |
| J P Morgan Chase Bank, UK (nominee) | 1.694.701 | 3,14 % |
| Protector Eiendom AS | 1.176.287 | 2,18 % |
| I.K. Lykke, T.Lykke m.fl. | 1.041.196 | 1,93 % |
| HSBC Bank PLC. | 1.000.000 | 1,85 % |
| Frank Mohn AS | 871.727 | 1,62 % |
| J P Morgan Chase Bank, UK | 844.657 | 1,56 % |
| Skandinaviska Enskildabanken | 612.441 | 1,13 % |

4. Appendix

Rating

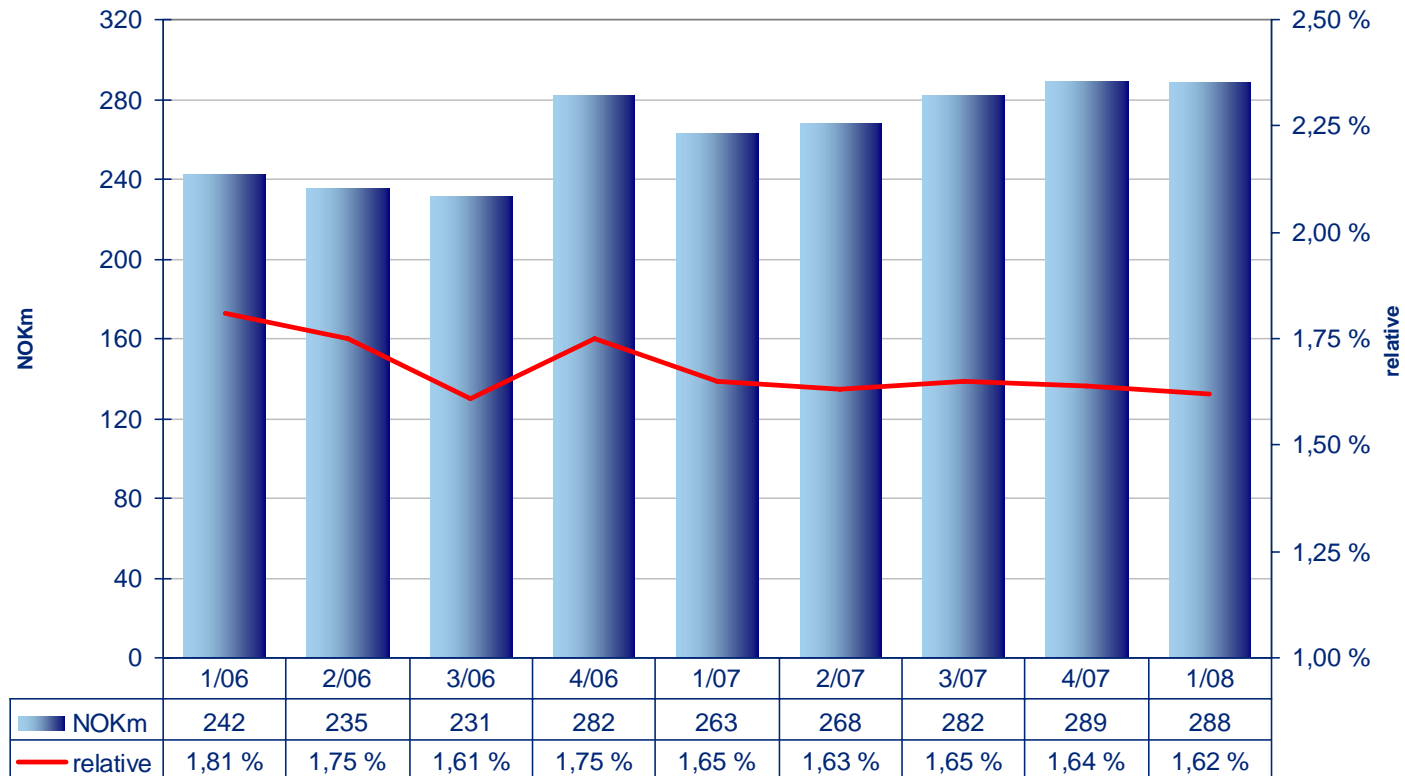
Moody's og Fitch from 2007

Moody's

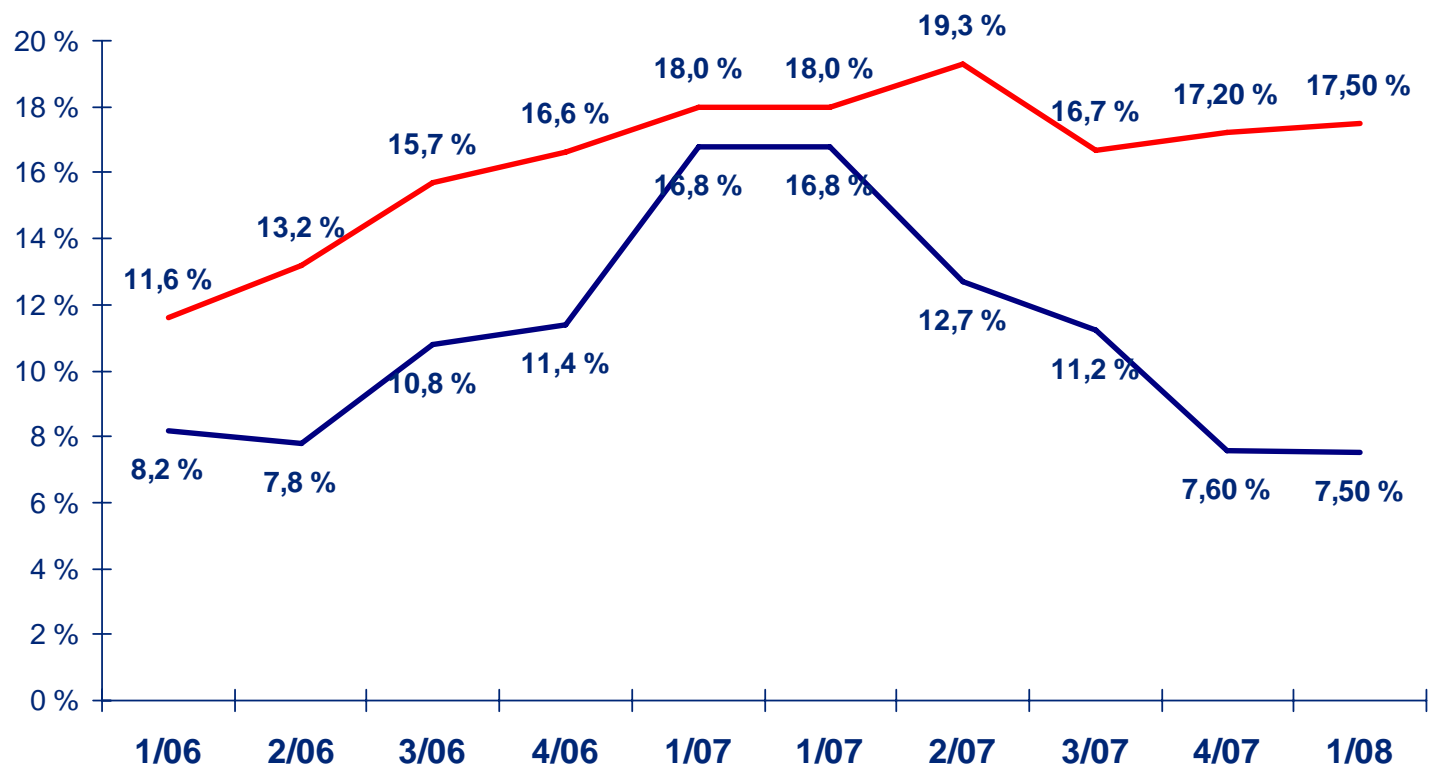
Fitch

| | | | |
|-------------------------|---------|----------------|--------|
| Outlook | Stable | Outlook | Stable |
| Issuer Rating | Aa3 | Issuer Default | A |
| Bank Deposits | Aa3/P-1 | Short-term | F1 |
| Bank Financial Strength | C+ | | |
| Senior Unsecured MTN | Aa3 | Individual | B |
| Subordinate MTN | A1 | Support | 3 |

Total operating expenses - quarterly

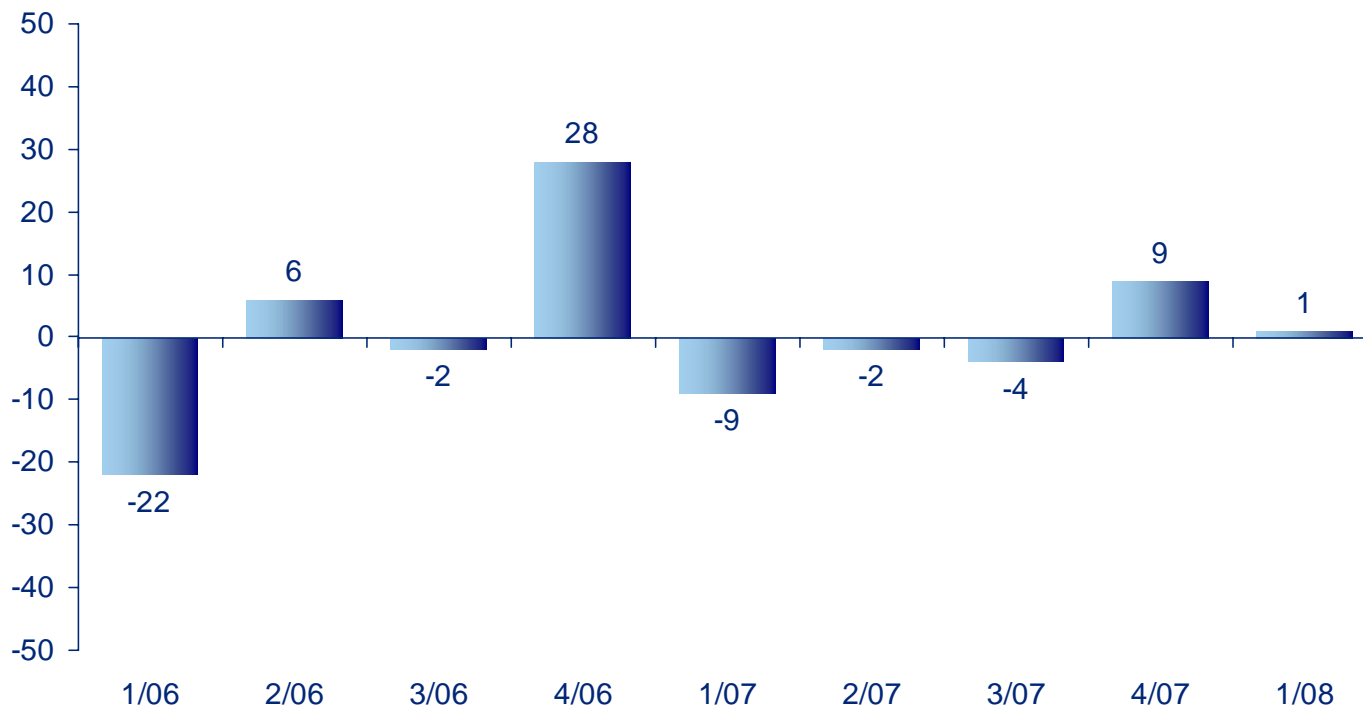


12 month growth in lending and deposits - quarterly



Loan losses - quarterly trend

(Group)



Downward adjustment of collective impairments are not included